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OOH Holdings Limited
奧傳思維控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8091)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2020

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED
(THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, for which the directors (the “**Directors**”) of OOH Holdings Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

HIGHLIGHTS

- Total revenue decreased by 7.2% from approximately HK\$61.2 million for the year ended 31 March 2019 (“FY2019”) to approximately HK\$56.8 million for the year ended 31 March 2020 (“FY2020”). Total revenue from transportation segment increased by 2.5% from approximately HK\$47.8 million for FY2019 to approximately HK\$49.0 million for FY2020. Total revenue from healthcare segment decreased by 60.0% from approximately HK\$2.0 million for FY2019 to approximately HK\$0.8 million for FY2020. Total revenue from logistic advertising segment, digital media segment and digital event management segment amounted to approximately HK\$0.3 million, approximately HK\$3.8 million and approximately HK\$2.4 million for FY2020 respectively. Total revenue from new segment of Food and Beverage Business amounted to approximately HK\$0.4 million for FY2020.
- Gross profit decreased by 17.5% from approximately HK\$18.9 million for FY2019 to approximately HK\$15.6 million for FY2020, and gross profit margin decreased from 30.9% for FY2019 to 27.6% for FY2020.
- Loss attributable to owners of the Company amounted to approximately HK\$5.7 million for FY2020 compared to profit attributable to owners of the Company of approximately HK\$0.6 million for FY2019.

ANNUAL RESULTS

The board of directors (the “**Board**”) of the Company is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 March 2020 together with the comparative figures for the year ended 31 March 2019, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2020

	<i>Notes</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Revenue	4, 5	56,755	61,192
Cost of sales		<u>(41,115)</u>	<u>(42,301)</u>
Gross profit		15,640	18,891
Other income and gains, net		3,477	2,200
Selling expenses		(8,401)	(7,223)
Administrative expenses		(14,727)	(13,075)
Finance costs	6	<u>(1,731)</u>	<u>—</u>
(Loss)/Profit before income tax (expense)/credit	7	(5,742)	793
Income tax (expense)/credit	8	<u>(135)</u>	<u>15</u>
(Loss)/Profit and total comprehensive income for the year		<u><u>(5,877)</u></u>	<u><u>808</u></u>
(Loss)/Profit and total comprehensive income for the year attributable to:			
Owners of the Company		(5,687)	644
Non-controlling interests		<u>(190)</u>	<u>164</u>
		<u><u>(5,877)</u></u>	<u><u>808</u></u>
		<i>HK cents</i>	<i>HK cents</i>
(Loss)/Earnings per share for (loss)/profit attributable to owners of the Company			
Basic and diluted	9	<u><u>(0.79)</u></u>	<u><u>0.09</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

	<i>Notes</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		2,491	1,527
Right-of-use assets	<i>10</i>	37,466	—
Intangible assets	<i>11</i>	3,477	2,626
Goodwill		—	39
Interest in an associate	<i>12</i>	—	—
Prepayment		—	942
		<u>43,434</u>	<u>5,134</u>
Current assets			
Inventories		46	—
Trade receivables	<i>13</i>	4,099	5,561
Deposits, prepayments and other receivables	<i>14</i>	2,394	6,545
Tax recoverable		151	716
Pledged bank deposits		—	1,029
Cash and bank balances		54,944	62,331
		<u>61,634</u>	<u>76,182</u>
Current liabilities			
Trade payables	<i>15</i>	456	841
Accruals and other payables	<i>16</i>	1,725	4,381
Contract liabilities	<i>17</i>	9,045	12,078
Lease liabilities	<i>10</i>	18,107	—
Amount due to an associate	<i>12</i>	47	57
Tax payable		164	29
		<u>29,544</u>	<u>17,386</u>
Net current assets		<u>32,090</u>	<u>58,796</u>
Total assets less current liabilities		<u>75,524</u>	<u>63,930</u>
Non-current liability			
Lease liabilities	<i>10</i>	17,651	—
		<u>17,651</u>	<u>—</u>
Net assets		<u>57,873</u>	<u>63,930</u>
CAPITAL AND RESERVES			
Capital and reserves attributable to owners of the Company			
Share capital	<i>18</i>	7,200	7,200
Reserves		50,543	56,230
		<u>57,743</u>	<u>63,430</u>
Non-controlling interests	<i>19</i>	130	500
Total equity		<u>57,873</u>	<u>63,930</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

1. GENERAL INFORMATION

OOH Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 28 June 2016 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as revised and consolidated) of the Cayman Islands and its shares had been listed on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 5 January 2017 (“**Listing Date**”). The address of its registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its principal place of business is Suite A5, 9/F, Jumbo Industrial Building, 189 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong.

The principal activity of the Company (together with its subsidiaries as the “**Group**”) is investment holding. The Group is principally engaged in the provision of advertising display services. The principal activities of the subsidiaries are set out in note 31 to the consolidated financial statements of the annual report to be published in late June 2020.

As at 31 March 2020, the directors of the Company consider Goldcore Global Investments Limited (“**Goldcore**”), a company incorporated in the British Virgin Islands (“**BVI**”) with limited liability as the immediate and ultimate holding company.

The consolidated financial statements for the year ended 31 March 2020 were approved for issue by the board of directors on 19 June 2020.

2. ADOPTION OF NEW OR REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

(a) Adoption of new or revised HKFRSs — effective from 1 April 2019

In the current year, the Group has applied for the first time the following new or revised HKFRSs, issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”), which are relevant and effective for the Group’s consolidated financial statements for the annual period beginning on 1 April 2019:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Annual Improvements to HKFRSs 2015–2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

The impact of the adoption of HKFRS 16 “Leases” have been summarised below. The other new or revised HKFRSs that are effective from 1 April 2019 did not have any significant impact on the Group’s accounting policies.

HKFRS 16 — Leases

(i) *Impact of the adoption of HKFRS 16*

HKFRS 16 brings significant changes in accounting treatment for lease accounting, primarily for accounting for lessees. It replaces HKAS 17 “Leases” (“**HKAS 17**”), HK(IFRIC)-Int 4 “Determining whether an Arrangement contains a Lease” (“**HK(IFRIC)-Int 4**”), HK(SIC)-Int 15 “Operating Leases-

Incentives” and HK(SIC)-Int 27 “Evaluating the Substance of Transactions Involving the Legal Form of a Lease”. From a lessee’s perspective, almost all leases are recognised in the statement of financial position as right-of-use assets and lease liabilities, with the narrow exception to this principle for leases which the underlying assets are of low-value or are determined as short-term leases. From a lessor’s perspective, the accounting treatment is substantially unchanged from HKAS 17. For details of HKFRS 16 regarding its new definition of a lease, its impact on the Group’s accounting policies and the transition method adopted by the Group as allowed under HKFRS 16, please refer to section (ii) to (iv) of this note.

The Group has applied HKFRS 16 using the modified retrospective approach and recognised all the cumulative effect of initially applying HKFRS 16 as an adjustment to the opening balance of retained earnings, if any, non-current assets, current liabilities and non-current liabilities at the date of initial application. The comparative information presented as of 31 March 2019 has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

The following table summarised the impact of transition to HKFRS 16 on the consolidated statement of financial position as of 31 March 2019 to that of 1 April 2019 as follows:

	Increase/ (Decrease) <i>HK\$’000</i>
As at 1 April 2019	
Right-of-use assets	<u>49,050</u>
Lease liabilities (non-current)	<u>30,518</u>
Lease liabilities (current)	<u>15,371</u>
Prepayments	<u>(3,161)</u>

The following reconciliation explains how the operating lease commitments disclosed applying HKAS 17 as at 31 March 2019 could be reconciled to the lease liabilities at the date of initial application recognised in the consolidated statement of financial position as at 1 April 2019:

	<i>HK\$’000</i>
Operating lease commitments as at 31 March 2019	51,157
Less: short-term leases for which lease terms end within 31 March 2020	(2,819)
Less: future interest expenses	(2,712)
Add: leases included in extension option which the Group considers reasonably certain to exercise	<u>263</u>
Total lease liabilities as at 1 April 2019	<u>45,889</u>

The weighted average lessee’s incremental borrowing rate applied to lease liabilities recognised in the consolidated statement of financial position as at 1 April 2019 is 4.125% per annum.

(ii) *The new definition of a lease*

Under HKFRS 16, a lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. A contract conveys the right to control the use of an identified asset for a period of time when the customer, throughout the period of use, has both: (a) the right to obtain substantially all of the economic benefits from use of the identified asset and (b) the right to direct the use of the identified asset.

For a contract that contains a lease component and one or more additional lease or non-lease components, a lessee shall allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, unless the lessee apply the practical expedient which allows the lessee to elect, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

(iii) *Accounting as a lessee*

Under HKAS 17, a lessee has to classify a lease as an operating lease or a finance lease based on the extent to which risks and rewards incidental to ownership of a lease asset lie with the lessor or the lessee. If a lease is determined as an operating lease, the lessee would recognise the lease payments under the operating lease as an expense over the lease term. The asset under the lease would not be recognised in the statement of financial position of the lessee.

Under HKFRS 16, all leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the statement of financial position as right-of-use assets and lease liabilities, but HKFRS 16 provides accounting policy choices for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

The Group recognised a right-of-use asset and a lease liability at the commencement date of a lease.

Right-of-use asset

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Subsequent to commencement date, under the cost model, the Group measures the right-of-use asset at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

Lease liability

The lease liability should be recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group shall use the Group's incremental borrowing rate.

The following payments for the right-to-use of the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, a lessee shall measure the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g. a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the substance fixed lease payments or a change in assessment to purchase the underlying asset.

(iv) *Transition*

As mentioned above, the Group has applied HKFRS 16 using the modified retrospective approach and recognised all the cumulative effect of initially applying HKFRS 16 as an adjustment to the opening balance of retained earnings, if any, non-current assets, current liabilities and non-current liabilities at the date of initial application (i.e. 1 April 2019). The comparative information presented as of 31 March 2019 has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

The Group has recognised the lease liabilities at the date of 1 April 2019 for leases previously classified as operating leases applying HKAS 17 and measured those lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at 1 April 2019.

The Group has elected to recognise all the right-of-use assets at 1 April 2019 for leases previously classified operating leases under HKAS 17 at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments related to those leases recognised in the consolidated statement of financial position immediately before the date of initial application and discounted using the lessee's incremental borrowing rate at the date of initial application. For all these right-of-use assets, the Group has applied HKAS 36 Impairment of Assets at 1 April 2019 to assess if there was any impairment as on that date.

The Group has also applied the follow practical expedients: (i) applied a single discount rate to a portfolio of leases with reasonably similar characteristics; (ii) applied the exemption of not to recognise right-of-use assets and lease liabilities for leases with term that will end within 12 months of the date of initial application (i.e. 1 April 2019) and accounted for those leases as short-term leases; (iii) exclude the initial direct costs from the measurement of the right-of-use asset at 1 April 2019 and (iv) used hindsight in determining the lease terms if the contracts contain options to extend or terminate the leases.

In addition, the Group has also applied the practical expedients such that: (i) HKFRS 16 is applied to all of the Group's lease contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 and (ii) not to apply HKFRS 16 to contracts that were not previously identified as containing a lease under HKAS 17 and HK(IFRIC)-Int 4.

HK(IFRIC)-Int 23 — Uncertainty over Income Tax Treatments

The interpretation supports the requirements of HKAS 12 “Income Taxes” by providing guidance over how to reflect the effects of uncertainty in accounting for income taxes. Under the interpretation, the entity shall determine whether to consider each uncertain tax treatment separately or together based on which approach better predicts the resolution of the uncertainty. The entity shall also assume the tax authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If the entity determines it is probable that the tax authority will accept an uncertain tax treatment, then the entity should measure current and deferred tax in line with its tax filings. If the entity determines it is not probable, then the uncertainty in the determination of tax is reflected using either the “most likely amount” or the “expected value” approach, whichever better predicts the resolution of the uncertainty.

Amendments to HKFRS 9 — Prepayment Features with Negative Compensation

The amendments clarify that prepayable financial assets with negative compensation can be measured at amortised cost or at fair value through other comprehensive income if specified conditions are met — instead of at fair value through profit or loss.

Amendments to HKAS 28 — Long-term Interests in Associates and Joint Ventures

The amendment clarifies that HKFRS 9 applies to long-term interests (“LTI”) in associates or joint ventures which form part of the net investment in the associates or joint ventures and stipulates that HKFRS 9 is applied to these LTI before the impairment losses guidance within HKAS 28.

Annual Improvements to HKFRSs 2015–2017 Cycle — Amendments to HKFRS 3, Business Combinations

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 3 which clarifies that when a joint operator of a business obtains control over a joint operation, this is a business combination achieved in stages and the previously held equity interest should therefore be remeasured to its acquisition date fair value.

Annual Improvements to HKFRSs 2015–2017 Cycle — Amendments to HKFRS 11, Joint Arrangements

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 11 which clarify that when a party that participates in, but does not have joint control of, a joint operation which is a business and subsequently obtains joint control of the joint operation, the previously held equity interest should not be remeasured to its acquisition date fair value.

Annual Improvements to HKFRSs 2015–2017 Cycle — Amendments to HKAS 12, Income Taxes

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKAS 12 which clarify that all income tax consequences of dividends are recognised consistently with the transactions that generated the distributable profits, either in profit or loss, other comprehensive income or directly in equity.

Annual Improvements to HKFRSs 2015–2017 Cycle — Amendments to HKAS 23, Borrowing Costs

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKAS 23 which clarifies that a borrowing made specifically to obtain a qualifying asset which remains outstanding after the related qualifying asset is ready for its intended use or sale would become part of the funds an entity borrows generally and therefore included in the general pool.

(b) New or revised HKFRSs that have been issued but are not yet effective

The following new or revised HKFRSs, potentially relevant to the Group’s consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group’s current intention is to apply these changes on the date they become effective.

Amendments to HKFRS 3	Definition of a Business ¹
Amendments to HKAS 1 and HKAS 8	Definition of Material ¹
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to HKFRS 16	COVID-19 - Related Rent Concession ³

¹ Effective for annual periods beginning on or after 1 January 2020.

² The amendments were originally intended to be effective for periods beginning on or after 1 January 2018. The effective date has now been deferred/removed. Early application of the amendments continue to be permitted.

³ Effective for annual periods beginning on or after 1 June 2020.

Amendments to HKFRS 3 — Definition of a Business

The amendments clarify that a business must include, as a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs, together with providing extensive guidance on what is meant by a “substantive process”.

Additionally, the amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs, whilst narrowing the definition of “outputs” and a “business” to focus on returns from selling goods and services to customers, rather than on cost reductions.

An optional concentration test has also been added that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

Amendments to HKAS 1 and HKAS 8 — Definition of Material

The amendments clarify the definition and explanation of “material”, aligning the definition across all HKFRS Standards and the Conceptual Framework, and incorporating supporting requirements in HKAS 1 into the definition.

Amendments to HKFRS 9, HKAS 39 and HKFRS 7 — Interest Rate Benchmark Reform

The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainties caused by interest rate benchmark reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

Amendments to HKFRS 10 and HKAS 28 — Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves a business the gain or loss is recognised in full, conversely when the transaction involves assets that do not constitute a business the gain or loss is recognised only to the extent of the unrelated investors' interests in the joint venture or associate.

Amendments to HKFRS 16 — COVID-19 - Related Rent Concessions

The amendment exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications.

The Group is not yet in a position to state whether these new pronouncements will result in substantial changes to the Group's accounting policies and consolidated financial statements.

3. BASIS OF PREPARATION

3.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with all HKFRSs, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations (hereinafter collectively referred to as the “**HKFRS**”) and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange (“**GEM Listing Rules**”).

3.2 Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis.

3.3 Foreign currency translation

The consolidated financial statements are presented in Hong Kong Dollars (“**HK\$**”), which is the same as the functional currency of the Company.

Transactions entered into by group entities in currencies other than the currency of the primary economic environment in which they operate (the “**functional currency**”) are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as foreign exchange reserve (attributed to minority interests as appropriate). Exchange differences recognised in profit or loss of group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as foreign exchange reserve.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are reclassified to profit or loss as part of the profit or loss on disposal.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of reporting period. Exchange differences arising are recognised in the foreign exchange reserve.

4. SEGMENT INFORMATION

An operating segment is a component of the Group that is engaged in business activities from which the Group may earn revenue and incur expenses, and is defined on the basis of the internal management reporting information that is provided to and regularly reviewed by the executive directors in order to allocate resources and assess performance of the segment.

The executive directors considered the business from the perspective of advertising platforms available, and determined that the Group has the following reportable operating segments:

- Provision of advertising display services over the transportation media platforms (“**Transportation Business**”);
- Provision of advertising display services over the healthcare media platforms (“**Healthcare Business**”);
- Provision of advertising display services over the digital and online media platforms (“**Digital Media Business**”);
- Provision of advertising display services over the self-pickup lockers platforms (“**Logistic Advertising Business**”);
- Provision of esports event management services (“**Digital Event Management Business**”), which has ceased its business operation since June 2019; and
- Sales of Mizimamei branded food and beverage products in Hong Kong (“**Food and Beverage Business**”), which is a new business segment operated by the Group in the current year.

Segment revenue and results

Segment revenue below represents revenue from external customers. There was no inter-segment revenue during the year. The chief operating decision makers assess the performance of the operating segments mainly based on revenue and gross profit of each operating segment. Corporate and other unallocated expenses include selling expenses, administrative expenses and other expenses which are common costs incurred for the operating segments as a whole

and therefore they are not included in the measure of the segments' performance that is used by the chief operating decision makers as a basis for the allocation of resources and assessment of segment performance. Other income and gains, net, finance costs and income tax (expense)/credit are also not allocated to individual operating segment.

There were no segment assets and liabilities information provided to the chief operating decision makers.

The segment revenue and results, and the totals presented for the Group's operating segments reconciled to the Group's key financial figures as presented in the consolidated financial statements are as follows:

	Transportation Business HK\$'000	Healthcare Business HK\$'000	Digital Media Business HK\$'000	Logistic Advertising Business HK\$'000	Digital Event Management Business HK\$'000	Food and Beverage Business HK\$'000	Total HK\$'000
Year ended 31 March 2020							
Revenue							
— From external customers	49,000	800	3,844	344	2,391	376	56,755
Cost of sales	(34,284)	(251)	(3,329)	(196)	(2,083)	(972)	(41,115)
Gross profit	<u>14,716</u>	<u>549</u>	<u>515</u>	<u>148</u>	<u>308</u>	<u>(596)</u>	15,640
Unallocated other income and gains, net							3,477
Corporate and other unallocated expenses							(23,128)
Finance costs							<u>(1,731)</u>
Loss before income tax expense							<u>(5,742)</u>
	Transportation Business HK\$'000	Healthcare Business HK\$'000	Digital Media Business HK\$'000	Logistic Advertising Business HK\$'000	Digital Event Management Business HK\$'000		Total HK\$'000
Year ended 31 March 2019							
Revenue							
— From external customers	47,771	1,978	5,683	403	5,357		61,192
Cost of sales	(31,362)	(1,873)	(4,317)	(240)	(4,509)		(42,301)
Gross profit	<u>16,409</u>	<u>105</u>	<u>1,366</u>	<u>163</u>	<u>848</u>		18,891
Unallocated other income and gains, net							2,200
Corporate and other unallocated expenses							<u>(20,298)</u>
Profit before income tax credit							<u>793</u>

Disaggregation of revenue

In the following table, revenue is disaggregated by primary geographical markets, major platforms and service lines and timing of revenue recognition.

	Transportation Business HK\$'000	Healthcare Business HK\$'000	Digital Media Business HK\$'000	Logistic Advertising Business HK\$'000	Digital Event Management Business HK\$'000	Food and Beverage Business HK\$'000	Total HK\$'000
Year ended 31 March 2020							
Primary geographical markets							
Hong Kong (place of domicile)	49,000	800	3,844	344	475	376	54,839
Taiwan	—	—	—	—	1,916	—	1,916
	<u>49,000</u>	<u>800</u>	<u>3,844</u>	<u>344</u>	<u>2,391</u>	<u>376</u>	<u>56,755</u>
Major services lines							
Advertising display services							
— Minibus	47,432	—	—	—	—	—	47,432
— Taxi	865	—	—	—	—	—	865
— Others	703	—	—	—	—	—	703
— Hospitals and clinics	—	800	—	—	—	—	800
— Digital and online media	—	—	3,844	—	—	—	3,844
— Self-pickup lockers	—	—	—	344	—	—	344
	<u>49,000</u>	<u>800</u>	<u>3,844</u>	<u>344</u>	<u>—</u>	<u>—</u>	<u>53,988</u>
Esports event management services	—	—	—	—	2,391	—	2,391
Food and beverage services	—	—	—	—	—	376	376
	<u>49,000</u>	<u>800</u>	<u>3,844</u>	<u>344</u>	<u>2,391</u>	<u>376</u>	<u>56,755</u>
Timing of revenue recognition							
Transferred over time	49,000	800	3,844	344	2,391	—	56,379
At a point in time	—	—	—	—	—	376	376
	<u>49,000</u>	<u>800</u>	<u>3,844</u>	<u>344</u>	<u>2,391</u>	<u>376</u>	<u>56,755</u>

	Transportation Business HK\$'000	Healthcare Business HK\$'000	Digital Media Business HK\$'000	Logistic Advertising Business HK\$'000	Digital Event Management Business HK\$'000	Total HK\$'000
Year ended 31 March 2019						
Primary geographical markets						
Hong Kong (place of domicile)	47,771	1,978	5,683	403	769	56,604
Taiwan	—	—	—	—	4,588	4,588
	<u>47,771</u>	<u>1,978</u>	<u>5,683</u>	<u>403</u>	<u>5,357</u>	<u>61,192</u>
Major services lines						
Advertising display services						
— Minibus	45,738	—	—	—	—	45,738
— Taxi	762	—	—	—	—	762
— Others	1,271	—	—	—	—	1,271
— Hospitals and clinics	—	1,307	—	—	—	1,307
— Health and beauty retail stores	—	671	—	—	—	671
— Digital and online media	—	—	5,683	—	—	5,683
— Self-pickup lockers	—	—	—	403	—	403
	<u>47,771</u>	<u>1,978</u>	<u>5,683</u>	<u>403</u>	<u>—</u>	<u>55,835</u>
Esports event management services	—	—	—	—	5,357	5,357
	<u>47,771</u>	<u>1,978</u>	<u>5,683</u>	<u>403</u>	<u>5,357</u>	<u>61,192</u>
Timing of revenue recognition						
Transferred over time	<u>47,771</u>	<u>1,978</u>	<u>5,683</u>	<u>403</u>	<u>5,357</u>	<u>61,192</u>

Geographical information

The Company is an investment holding company and the principal place of the Group's operation is in Hong Kong. For the purpose of segment information disclosures under HKFRS 8, the Group regarded Hong Kong as its place of domicile.

The following table provides an analysis of the Group's revenue from external customers and non-current assets other than financial asset ("Specified non-current assets").

	Revenue from external customers		Specified non-current assets	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Hong Kong (place of domicile)	54,839	56,604	43,434	5,134
Taiwan	<u>1,916</u>	<u>4,588</u>	<u>—</u>	<u>—</u>
	<u>56,755</u>	<u>61,192</u>	<u>43,434</u>	<u>5,134</u>

Information about major customers

No single customer contributed to 10% or more of the Group's revenue during the years ended 31 March 2020 and 31 March 2019.

5. REVENUE

Revenue is derived from provision of advertising display services, esports event management services and sales of food and beverage products during the year. Further details are disclosed in note 4.

	2020 HK\$'000	2019 HK\$'000
Sales of food and beverage products	376	—
Provision of services	<u>56,379</u>	<u>61,192</u>
	<u>56,755</u>	<u>61,192</u>

The following table provides information about trade receivables and contract liabilities from contracts with customers.

	2020 HK\$'000	2019 HK\$'000
Trade receivables (note 13)	<u>4,099</u>	<u>5,561</u>
Contract liabilities (note 17)	<u>9,045</u>	<u>12,078</u>

The contract liabilities mainly relate to the advance payments received from customers.

As at 31 March 2020, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is HK\$9,045,000 (2019: HK\$12,078,000). This amount represents revenue expected to be recognised in the future from partially-completed advertising display service contracts. The Group will recognise the expected revenue in future when or as the work is completed, which is expected to occur in the next 12 months.

6. FINANCE COSTS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Interest on lease liabilities (<i>note 10</i>)	<u>1,731</u>	<u>—</u>

7. (LOSS)/PROFIT BEFORE INCOME TAX (EXPENSE)/CREDIT

(Loss)/Profit before income tax (expense)/credit is arrived at after charging the following:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Auditor's remuneration	595	540
Provision of impairment of trade receivables (<i>note 13</i>)	307	—
Bad debt written off	12	—
Depreciation of property, plant and equipment	563	352
Loss on disposal of property, plant and equipment	105	—
Employee costs (including directors' emoluments)	18,695	17,859
Amortisation of intangible assets (<i>note 11</i>)	91	—
Depreciation of right-of-use assets (<i>note 10</i>)		
— Advertising spaces (included in cost of sales)	20,536	—
— Premises	323	—
— Office equipment	23	—
Short-term leases expenses (<i>note 10</i>)		
— Advertising spaces (included in cost of sales)	10,430	—
— Premises	477	—
Operating lease rental for lease previously classified as operating leases under HKAS 17 in respect of:		
— Advertising spaces (included in cost of sales)	—	29,116
— Premises	—	413

8. INCOME TAX EXPENSE/(CREDIT)

The amount of taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Current tax — Hong Kong Profits Tax		
— Tax for the year	68	158
— Over-provision in respect of prior year	<u>(11)</u>	<u>(173)</u>
	57	(15)
Current tax — Taiwan Profits Tax	<u>78</u>	<u>—</u>
	<u>135</u>	<u>(15)</u>

The Group companies incorporated in Cayman Islands and BVI are tax-exempted as no business is carried out in Cayman Islands and BVI under the laws of the Cayman Islands and BVI respectively.

Hong Kong Profits Tax is calculated at 8.25% on the first HK\$2 million of estimated assessable profits and at 16.5% for the portion of the estimated assessable profits above HK\$2 million for the years ended 31 March 2020 and 2019.

Taiwan Profit Seeking Enterprise Income Tax arising from operations in Taiwan is calculated at 20% on the estimated assessable profits for the year ended 31 March 2020. During the year ended 31 March 2019, no assessable profit was derived from the operation in Taiwan.

Income tax expense/(credit) for the year can be reconciled to the (loss)/profit before income tax expense/(credit) in the consolidated statement of profit or loss and other comprehensive income as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
(Loss)/Profit before income tax expense/(credit)	<u>(5,742)</u>	<u>793</u>
Tax calculated at the domestic tax rate of 16.5% (2019: 16.5%)	(947)	131
Tax effect on adoption of two-tiered profits tax rates regime	—	(132)
Tax effect of different tax rate of a foreign operation	4	9
Tax effect of non-deductible items	347	288
Tax effect of non-taxable items	(112)	(35)
Tax effect of temporary differences not recognised	192	(83)
Over-provision in respect of prior year	(11)	(173)
Tax effect of tax losses not recognised	684	—
Others	<u>(22)</u>	<u>(20)</u>
Income tax expense/(credit)	<u>135</u>	<u>(15)</u>

At the end of the reporting period, the Group has tax losses arising in Hong Kong of approximately HK\$4,145,000 that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of tax losses arising from subsidiaries in Hong Kong, as it is not probable that taxable profits will be available against which the tax losses can be utilized in the foreseeable future. The tax losses have no expiry date and are yet to be agreed by the Inland Revenue Department.

No deferred tax has been recognised for the year ended 31 March 2019 as there were no material temporary differences.

9. (LOSS)/EARNINGS PER SHARE

The calculation of basic and diluted (loss)/earnings per share attributable to owners of the Company is based on the following data:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
(Loss)/Earnings		
(Loss)/Earnings for the purposes of basic and diluted (loss)/earnings per share	<u>(5,687)</u>	<u>644</u>
Number of shares	<i>'000</i>	<i>'000</i>
Weighted average number of ordinary shares for the purposes of basic and diluted (loss)/earnings per share	<u>720,000</u>	<u>720,000</u>

The weighted average of 720,000,000 ordinary shares for the years ended 31 March 2020 and 31 March 2019 were same as the number of ordinary shares of the Company in issue throughout the years.

Diluted earnings per share were the same as the basic (loss)/earnings per share as the Group had no potential dilutive ordinary shares during the years ended 31 March 2020 and 2019.

10. RIGHT-OF-USE ASSETS/LEASE LIABILITIES

HKFRS 16 was adopted on 1 April 2019 without restatement of comparative figures. For an explanation of the transitional requirements that were applied as at 1 April 2019, as disclosed in note 2(a).

Nature of leasing activities (in the capacity as lessee)

The Group leases office equipment, certain advertising spaces and rental premise in Hong Kong. The leases comprise only fixed payments over the lease terms.

Certain lease contracts granted the Group as lessee extension or termination options which are only exercised by the Group and not by the respective lessor.

Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	31 March 2020 <i>HK\$'000</i>	1 April 2019 <i>HK\$'000</i>
Leased for own use, carried at depreciated cost:		
Advertising spaces	37,028	48,988
Rental premise	399	—
Office equipment	39	62
	<u>37,466</u>	<u>49,050</u>

Movements of right-of-use assets during the year:

	Advertising spaces <i>HK\$'000</i>	Rental premise <i>HK\$'000</i>	Office equipment <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2019	48,988	—	62	49,050
Additions	12,613	727	—	13,340
Depreciation	(20,536)	(323)	(23)	(20,882)
Effect on modification of leases	(4,037)	(5)	—	(4,042)
At 31 March 2020	<u>37,028</u>	<u>399</u>	<u>39</u>	<u>37,466</u>

Lease liabilities

The analysis of the present value of future lease payments is as follows:

	31 March 2020 <i>HK\$'000</i>	1 April 2019 <i>HK\$'000</i>
Current liabilities	18,107	15,371
Non-current liabilities	<u>17,651</u>	<u>30,518</u>
	<u>35,758</u>	<u>45,889</u>

Movements of lease liabilities during the year:

	Advertising spaces <i>HK\$'000</i>	Rental premise <i>HK\$'000</i>	Office equipment <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2019	45,827	—	62	45,889
Additions	12,613	727	—	13,340
Lease payments	(20,791)	(326)	(24)	(21,141)
Interest expenses	1,707	22	2	1,731
Effect on modification of leases	(4,056)	(5)	—	(4,061)
	<u>35,300</u>	<u>418</u>	<u>40</u>	<u>35,758</u>
At 31 March 2020	<u>35,300</u>	<u>418</u>	<u>40</u>	<u>35,758</u>

Future lease payments are due as follows:

At 31 March 2020 (note)

	Minimum lease payments <i>HK\$'000</i>	Interest <i>HK\$'000</i>	Present value <i>HK\$'000</i>
Not later than one year	19,234	1,127	18,107
Later than one year and not later than two years	12,700	439	12,261
Later than two years and not later than five years	5,463	73	5,390
	<u>37,397</u>	<u>1,639</u>	<u>35,758</u>

At 1 April 2019 (note)

	Minimum lease payments <i>HK\$'000</i>	Interest <i>HK\$'000</i>	Present value <i>HK\$'000</i>
Not later than one year	16,972	1,601	15,371
Later than one year and not later than two years	19,694	827	18,867
Later than two years and not later than five years	11,935	284	11,651
	<u>48,601</u>	<u>2,712</u>	<u>45,889</u>

At 31 March 2019 (note)

	Minimum lease payments <i>HK\$'000</i>	Interest <i>HK\$'000</i>	Present value <i>HK\$'000</i>
Not later than one year	—	—	—
Later than one year and not later than two years	—	—	—
Later than two years and not later than five years	—	—	—
	<u>—</u>	<u>—</u>	<u>—</u>
	<u>—</u>	<u>—</u>	<u>—</u>

Note: The Group has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 April 2019 to recognise lease liabilities relating to leases which were previously classified as operating leases under HKAS 17.

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2020 <i>HK\$'000</i>
Depreciation of right-of-use assets	20,882
Interest on lease liabilities (note 6)	1,731
Short-term lease expenses (note 7)	10,907
Gain on modification of leases	(19)
Total amount recognised in profit or loss	<u>33,501</u>

11. INTANGIBLE ASSETS

	Club membership <i>HK\$'000</i> <i>(Note (a))</i>	License right <i>HK\$'000</i> <i>(Note (b))</i>	Total <i>HK\$'000</i>
At 1 April 2018, 31 March 2019 and 1 April 2019			
Cost	2,626	—	2,626
Accumulated amortisation	—	—	—
Net carrying amount	<u>2,626</u>	<u>—</u>	<u>2,626</u>
Year ended 31 March 2020			
Opening net carrying amount	2,626	—	2,626
Addition	—	942	942
Amortisation	—	(91)	(91)
Closing net carrying amount	<u>2,626</u>	<u>851</u>	<u>3,477</u>

	Club membership <i>HK\$'000</i> <i>(Note (a))</i>	License right <i>HK\$'000</i> <i>(Note (b))</i>	Total <i>HK\$'000</i>
At 31 March 2020			
Cost	2,626	942	3,568
Accumulated amortisation	<u>—</u>	<u>(91)</u>	<u>(91)</u>
Net carrying amount	<u>2,626</u>	<u>851</u>	<u>3,477</u>

Notes:

- (a) The club membership represented the membership debenture of The Aberdeen Marina Club Limited which has no specific maturity date pursuant to the terms and conditions of the membership. It is tested for impairment annually and whenever there is an indication that may be impaired. The directors of the Group are of the opinion that no impairment loss was identified with reference to market value.
- (b) The license right represented an exclusive right to distribute and market the Mizimamei branded food and beverage products and its retail brand in Hong Kong. On 3 May 2019, the Group entered into an agreement with an independent third party to acquire an exclusive right to distribute and market its branded food and beverage products and the retail brand of the individual third party in Hong Kong, including but not limited to the right to set up self-operated retail outlets in Hong Kong and the right to franchise the brand to potential local retailer in Hong Kong through franchising arrangement (the “**Agreement**”) at a consideration of US\$120,000 (equivalent to approximately HK\$942,000). The consideration was fully paid and recorded as prepayments as at 31 March 2019. As stipulated by the terms in the Agreement, the prepayment has been recognised as a license right. It is stated at cost less accumulated amortisation and impairment and is tested for impairment wherever there is an indicator that may be impaired.

12. INTEREST IN AN ASSOCIATE

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Share of net assets	<u>—</u>	<u>—</u>
Amount due to an associate	<u>47</u>	<u>57</u>

(a) Details of the associate as at 31 March 2020 and 31 March 2019 are as follows:

Name	Place of incorporation	Issued capital	Percentage of ownership interest attribute to the Group	Principal activities
M Savvy Media Limited	Hong Kong	HK\$10,000	20%	Inactive/no business operation

The associate was a former subsidiary indirectly owned by the Company and has become an associate since 14 November 2017.

(b) The carrying amount of the associate was nil as at 31 March 2020 and 31 March 2019. There are no other contingent liabilities related to the Group's interest in the associate.

(c) The amount due to an associate was unsecured, interest free and repayable on demand.

13. TRADE RECEIVABLES

	2020	2019
	HK\$'000	HK\$'000
Trade receivables	4,406	5,561
Provision of impairment of trade receivables	<u>(307)</u>	<u>—</u>
	<u>4,099</u>	<u>5,561</u>

Analysis of trade receivables that are not impaired as of each reporting period based on revenue recognition date, is as follows:

	2020	2019
	HK\$'000	HK\$'000
0–90 days	1,827	3,809
91–180 days	1,363	1,332
181–365 days	<u>909</u>	<u>420</u>
	<u>4,099</u>	<u>5,561</u>

The Group has no specified credit terms for its customers for advertising display services since advanced payments are normally required. The Group grants its customers for esports event management services with credit terms of generally 30 days. Overdue balances are reviewed regularly by senior management.

The following table reconciled the impairment loss of trade receivables for the year:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
At beginning of the year	—	61
Write off	—	(61)
Impairment loss recognised (<i>note 7</i>)	<u>307</u>	<u>—</u>
At end of the year	<u><u>307</u></u>	<u><u>—</u></u>

The maximum exposure to credit risk as at 31 March 2020 was the carrying amount mentioned above. Trade receivables that were not impaired related to a large number of independent customers that had a good track record of credit with the Group. In general, the Group does not hold any collateral or other credit enhancements over these balances.

The Group applies the simplified approach to provide for expected credit losses (“ECLs”) prescribed by HKFRS 9, which permits the use of lifetime ECLs provision for all trade receivables. To measure the ECLs, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The ECLs also incorporate forward-looking information. As at 31 March 2020 and 31 March 2019, the directors of the Company considered ECLs against the gross amounts of trade receivables is immaterial.

14. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Non-current asset		
Prepayment for acquisition of an intangible asset (<i>note</i>)	<u>—</u>	<u>942</u>
Current assets		
Payments in advance	1,537	5,597
Deposits	290	169
Prepayments	482	377
Other receivables	<u>85</u>	<u>402</u>
	<u><u>2,394</u></u>	<u><u>6,545</u></u>

The maximum exposure to credit risk at the reporting date is the carrying amounts of each class of receivables mentioned above. The Group does not hold any collateral as security.

Note: As at 31 March 2019, the prepayment was paid for the acquisition of an exclusive license right as set out in note 11(b). Accordingly, the acquisition is a non-cash transaction during the current year.

15. TRADE PAYABLES

Based on the receipts of services and goods, which normally coincided with the invoice dates, ageing analysis of the Group's trade payables as at the end of each reporting period is as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
0–90 days	365	376
91–180 days	24	134
181–365 days	67	—
Over 365 days	—	331
	<u>456</u>	<u>841</u>

16. ACCRUALS AND OTHER PAYABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Accrued expenses	984	1,460
Other payables	<u>741</u>	<u>2,921</u>
	<u>1,725</u>	<u>4,381</u>

17. CONTRACT LIABILITIES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Contract liabilities arising from:		
Advertising display services	<u>9,045</u>	<u>12,078</u>

These contract liabilities represent advance payments received from customers for services that have not yet been performed to the customers which are rendered over the period of display of the advertisements.

The Group expects to render the services to satisfy the remaining obligations of these contract liabilities within the next 12 months.

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Balance at beginning of the year	12,078	11,398
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(11,453)	(11,027)
Increase in contract liabilities as a result of billing in advance of advertising display service, excluding those recognised as revenue in the current year	<u>8,420</u>	<u>11,707</u>
Balance at end of the year	<u>9,045</u>	<u>12,078</u>

18. SHARE CAPITAL

	2020		2019	
	Number of shares '000	Amount HK\$'000	Number of shares '000	Amount HK\$'000
Authorised:				
At the beginning and end of the year	<u>7,200,000</u>	<u>72,000</u>	<u>7,200,000</u>	<u>72,000</u>
			Number of shares '000	Amount HK\$'000
Issued:				
At 1 April 2018, 31 March 2019 and 31 March 2020			<u>720,000</u>	<u>7,200</u>

19. NON-CONTROLLING INTERESTS

The total non-controlling interests as at 31 March 2020 is HK\$130,000 (2019: HK\$500,000), of which profits of HK\$14,000 (2019: HK\$104,000) is attributable to the non-controlling interest of Toppa Media Savvy Limited (“**Toppa**”), profits of HK\$139,000 (2019: HK\$62,000) is attributable to the non-controlling interest of OOH La La Printing and Production Limited (“**OOH La La**”) and a loss of HK\$343,000 (2019: HK\$2,000) is attributable to the non-controlling interest of MSMM Company Limited. The non-controlling interests of these subsidiaries that are not 100% owned by the Group are considered to be immaterial.

During the year ended 31 March 2020, the Group’s subsidiary, OOH La La, has declared a dividend of HK\$180,000 to the non-controlling interests which was settled through the current account with the non-controlling interests.

During the year ended 31 March 2019, total capital injection from non-controlling interests was HK\$353,000. Capital injection of HK\$3,000 was paid by cash and the remaining HK\$350,000 was settled through the current account with the subsidiaries.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group continued its principal business in the provision of out-of-home advertising spaces and services to its customers, which comprise end users aiming to promote their brands, products or services, and advertising agents acting for such advertisers. We also offer our customers design and production, advertisement logistics, installation and dismantling services on the different advertising platforms.

During the year ended 31 March 2020, the Group's principal business Transportation Business has recorded a slight growth in inventory of exclusive minibus advertising spaces in our fixed route minibus network from 1,356 units as at 31 March 2019 to 1,372 units as at 31 March 2020. Apart from broadening our coverage of exclusive minibus advertising spaces, the Group has strived to lower the production costs by strengthening control over our contractors. For instance, the Group has gradually reduced the number of outsourced printings since the Group has its own in-house printing facilities for the production of the outdoor advertising stickers during the year ended 31 March 2020. The Group has also purchased three new high quality printers for outdoor advertising stickers in May 2020 to cater the needs of our in-house printings.

For Digital Event Management Business, due to the business restructuring of the principal (the "Principal") operating the esports event management facilities in Taiwan, the service agreement entered into between the Group and the Principal was terminated on 31 May 2019.

On the other hand, the Group's first retail outlet of Mizimamei branded food and beverage products has commenced business in August 2019. Undoubtedly, the retail business is seriously affected by the local social movement and the outbreak of COVID-19. The Group has used its unsold outdoor media assets to promote the Mizimamei branded food and beverage products by offering discounts and new varieties of products to our customers. For instance, advertisements of Mizimamei branded food and beverage products were displayed on the Group's exclusive minibus advertising spaces and digital and online media platform. The Group also noticed that there are increased demands on take away orders so the Group has cooperated with take away service vendors to cater the demand. Localization and seasonal products such as winter hot drinks with Oolong tea and Hong Kong style milk tea have been introduced to satisfy our customers' preferences.

FINANCIAL REVIEW

Revenue

Total revenue of the Group decreased by 7.2% from approximately HK\$61.2 million for the year ended 31 March 2019 to approximately HK\$56.8 million for that of 2020. Such decrease was mainly due to (i) the decrease of revenue generated from Digital Event Management Business from approximately HK\$5.4 million for the year ended 31 March 2019 to approximately HK\$2.4 million for that of 2020; (ii) the decrease of revenue generated from Digital Media Business from approximately HK\$5.7 million

for the year ended 31 March 2019 to approximately HK\$3.8 million for that of 2020; and (iii) the decrease of revenue generated from Healthcare Business from approximately HK\$2.0 million for the year ended 31 March 2019 to approximately HK\$0.8 million for that of 2020.

The decrease in revenue generated from Digital Event Management Business was mainly due to the fact that the service agreement has ended pursuant to the termination notice given to the Group in April 2019. The decrease in revenue generated from Digital Media Business was mainly due to the change of sales strategy and the resignation of our sales directors specialized in Digital Media Business in June 2019.

The decrease in revenue generated from Healthcare Business was mainly due to the cease of the hospital advertising and the health and beauty retail stores advertising business since the completion of the agreements for the use of advertising spaces at the public hospitals and the health and beauty retail stores on 30 April 2018 and 30 June 2018 respectively. Such decrease was partly offset by the increase in revenue generated from private hospital and clinics by approximately HK\$0.2 million for the year ended 31 March 2020 as compared to that of 2019.

Revenue generated from minibus advertising increased by approximately HK\$1.7 million or 3.7% from approximately HK\$45.7 million for the year ended 31 March 2019 to approximately HK\$47.4 million for that of 2020. Such increase was mainly due to the fact that (i) the Group has expanded the coverage of exclusive advertising spaces from 1,356 minibuses as at 31 March 2019 to 1,372 minibuses as at 31 March 2020; and (ii) the increase in election advertising campaign due to the District Council Election held in November 2019.

Revenue generated from taxi advertising increased by approximately HK\$0.1 million or 13.5% for the year ended 31 March 2020 as compared to that of 2019 due to increase of client base in the advertising platforms. Revenue generated from Logistic Advertising Business slightly decreased by approximately HK\$60,000 for the year ended 31 March 2020 as compared to that of 2019.

Revenue generated from others advertising decreased by 46.2% from approximately HK\$1.3 million for the year ended 31 March 2019 to approximately HK\$0.7 million for that of 2020 mainly due to the temporary closure of MTR stations resulting from the social movement during the second half of 2019 and the fact that MTR decided not to put posters in relation to the District Council Election on its trains and stations.

Revenue generated from the new Food and Beverage Business was approximately HK\$0.4 million since the commencement of the business in August 2019.

Cost of Sales and Gross Profit Margin

Cost of sales decreased by 2.8% from approximately HK\$42.3 million for the year ended 31 March 2019 to approximately HK\$41.1 million for that of 2020. The decrease was mainly due to (i) the Group's in-house printing facilities which led to the decrease of printing and production cost of our minibus advertising business; (ii) the decrease of license fee paid to the authority operating the public hospitals and the health and beauty retail stores due to the cease of business upon the completion of the

agreements for the use of advertising spaces at the public hospitals and the health and beauty retail stores on 30 April 2018 and 30 June 2018 respectively; and (iii) the decrease of operating expenses of Digital Event Management Business.

The gross profit margin decreased by 3.3 percentage points from approximately 30.9% for the year ended 31 March 2019 to approximately 27.6% for that of 2020, which was mainly because of (i) the decrease in gross profit margin of minibus advertising from approximately 35.3% for the year ended 31 March 2019 to approximately 30.0% for that of 2020 due to the increase of depreciation of right-of-use assets (which has become effective during the year ended 31 March 2020 due to the adoption of HKFRS 16 “Leases”) resulting from the increase in number of exclusive advertising spaces; and (ii) gross loss margin of the Food and Beverage Business due to the new Mizimamei retail outlet opened in August 2019 and the business was at a lower revenue during the infancy stage.

Selling Expenses

Selling expenses increased from approximately HK\$7.2 million for the year ended 31 March 2019 to approximately HK\$8.4 million for that of 2020 due to the increase of the quarterly commission paid to our sales team.

Administrative Expenses

Administrative expenses increased from approximately HK\$13.1 million for the year ended 31 March 2019 to approximately HK\$14.7 million for that of 2020. The increase was mainly attributable to (i) an increase of directors’ remuneration of approximately HK\$0.8 million; (ii) the increase in expenses in relation to the new Food and Beverage Business of approximately HK\$0.4 million; and (iii) the increase of salaries of approximately HK\$0.3 million for the new staff operating our in-house printing facilities.

Finance Costs

Finance costs was approximately HK\$1.7 million for the year ended 31 March 2020. It represented interest on lease liabilities for the leases of which the Group is lessees under HKFRS 16 “Leases” which was adopted by the Group since 1 April 2019.

Loss/Profit Attributable to Owners of the Company

As a result, we recorded loss attributable to owners of the Company of approximately HK\$5.7 million for the year ended 31 March 2020 as compared to profit attributable to owners of the Company of approximately HK\$0.6 million for that of 2019.

Capital Structure

Details of the Company’s share capital are set out in note 18 in this announcement.

Liquidity and Financial Resources

During the year ended 31 March 2020, the Group mainly financed its operations with its own working capital and the net proceeds from listing. As at 31 March 2020 and 31 March 2019, the Group had net current assets of approximately HK\$32.1 million and approximately HK\$58.8 million respectively, including cash and bank balances of approximately HK\$54.9 million and approximately HK\$62.3 million respectively. The Group do not have any pledged bank deposits as at 31 March 2020 (2019: bank deposit of approximately HK\$1.0 million was pledged for a letter of guarantee issued by a bank).

As at 31 March 2020, the gearing ratio was 0% (2019: 0%), calculated on the Group's bank borrowings over the Group's total equity. As at 31 March 2020 and 31 March 2019, the Group had no bank borrowings.

Significant Investments Held

The Group did not have any significant investments held as at 31 March 2020 and 31 March 2019.

Material Acquisitions or Disposals of Subsidiaries and Affiliated Companies

The Group did not have any material acquisitions or disposals of subsidiaries and affiliated companies during the year ended 31 March 2020.

Future Plans for Material Investments and Capital Assets

Save as those disclosed in the prospectus of the Company dated 23 December 2016 (the “**Prospectus**”), the Group currently has no other plan for material investments and capital assets.

Contingent Liabilities

The Group did not have any material contingent liabilities as at 31 March 2020 and 31 March 2019.

Commitments

The Group's contractual commitments primarily related to the leases of its office equipment, advertising spaces and office premises which were previously classified as operating leases under HKAS 17. The Group's operating lease commitments amounted to approximately HK\$51.2 million as at 31 March 2019. Since 1 April 2019, the Group adopted HKFRS 16 using modified retrospective approach and recognised lease liabilities relating to these leases. As at 31 March 2020, the Group did not have any capital commitments (2019: Nil).

Charge on Group's Asset

As at 31 March 2020, the Group did not pledge any of its assets (2019: Nil, save for the pledged bank deposits) as securities for any facilities granted to the Group.

Foreign Exchange Exposure

The Group mainly operated in Hong Kong with most of the transactions settled in HK\$ and did not have significant exposure to risk resulting from changes in foreign currency exchange rates.

Use of Net Proceeds from Listing

The net proceeds from the issue of a total of 180,000,000 new ordinary shares of the Company at the placing price of HK\$0.27 per share under the placing as set out in the Prospectus, after deducting underwriting commission and other expenses relating to the Listing, amounted to approximately HK\$29.9 million. The net proceeds were intended to be applied in the same proportion and in the same manner as shown in the Prospectus with estimated net proceeds amounted to HK\$26.4 million, which was made under the assumption that the placing price would be HK\$0.25 per share, being the mid-point of the indicative placing price range. Accordingly, approximately 69.7% (HK\$20.9 million), 18.2% (HK\$5.4 million), 9.8% (HK\$2.9 million) and 2.3% (HK\$0.7 million) will be applied for (i) expanding our coverage in the minibus advertising network; (ii) expanding our coverage in other transportation advertising platform; (iii) expanding our coverage in the healthcare-related advertising platform; and (iv) enhancing our information management system respectively. An analysis of the utilization of the net proceeds during the period from 5 January 2017 (the “Listing Date”) to 31 March 2020 is set out below:

	Amount of usage of net proceeds from the Listing Date to 31 March 2020		Unutilized net proceeds as at 31 March 2020
	Estimated*	Actual	
	HK\$ million	HK\$ million	HK\$ million
(i) Expand our coverage in the minibus media	20.9	13.9	7.0
(ii) Expand our coverage in other transportation	5.4	2.8	2.6
(iii) Expand our coverage in the healthcare-related advertising	2.9	0.0	2.9
(iv) Enhance our information management system	0.7	0.1	0.6
Total	29.9	16.8	13.1

Note: Business strategies are as set out in the Prospectus.

The unutilized net proceeds as at 31 March 2020 were placed as bank balances with licensed bank in Hong Kong.

- * The estimated amount of usage of net proceeds as at 31 March 2020 has been adjusted in the same proportion and in the same manner as stated in the Prospectus due to the above-mentioned difference between the estimated net proceeds and the actual net proceeds received.

An analysis comparing the business objective stated in the Prospectus with the Group's actual business progress as at 31 March 2020 is set out below:

Business objective and strategy	Actual business progress up to 31 March 2020
(i) Expand our coverage in the minibus media	<p>The Group has obtained advertising spaces on 757 additional green minibuses and 56 additional red minibuses.</p> <p>The social movement and the outbreak of COVID-19 have led to an unprecedented impact to the economy of Hong Kong. Given the uncertainty of the global economy environment, the Group resolved to put in-vehicle LCD panel advertising services on hold until around 30 September 2020 subject to the economic and social conditions.</p> <p>However, the Group will continue to explore the possibility of expanding our coverage in the minibus media by obtaining valuable exclusive advertising spaces. For instance, some of the Group's competitors intend to give up their exclusive advertising spaces due to the economic downturn. The Group will consider taking over their exclusive advertising spaces subject to the pricing and duration of the exclusivity.</p>
(ii) Expand our coverage in other transportation	<p>The Group has executed an exclusive contract for the use of advertising spaces with a subsidiary of a prominent tour/coach bus operator in Hong Kong and obtained advertising spaces on not less than 100 tour/coach buses.</p> <p>The Group has obtained advertising spaces on 26 additional taxi with 50 additional taxi for Taxiboard media.</p> <p>The Group will reallocate the resources of light goods trucks media into other segments since the two light goods trucks operators that the Group has been in-touched have decided not to sub-contract their advertising service.</p>

Business objective and strategy

Actual business progress up to 31 March 2020

(iii) Expand our coverage in the healthcare-related advertising

Upon the completion of the agreement for the use of advertising spaces at the public hospitals on 30 April 2018 and the close down of the entire media platform in the health and beauty retail stores after 30 June 2018, the Group has assessed the effectiveness of expanding the coverage in the healthcare-related advertising. The Group has been considering the possibility of reallocating the resources of this segment into other segments to maximize the effectiveness of the use of proceeds.

(iv) Enhance our information management system

The Group has appointed a contractor to develop a new information management system for the Logistic Advertising Business based on our existing information management system. The new information management system for the Logistic Advertising Business has been completed. The remaining proceeds will be reserved for other information technology enhancement projects in future.

Employees and Remuneration Policies

As at 31 March 2020, the Group had 38 employees (2019: 53 employees). The staff costs (including Directors' emoluments) amounted to approximately HK\$18.7 million for year ended 31 March 2020 (2019: approximately HK\$17.9 million). The decrease in the number of employees was mainly due to the termination of our service agreement with the principal operating the esports event management services in Taiwan.

Remuneration is determined with reference to market standard and individual employees' responsibilities, qualification, experience and performance. The Group has also adopted a share option scheme as an added incentive for the employees.

OUTLOOK

COVID-19 has shocked the world and sent economies spinning. It was late 2019 when the virus first appeared in Asia. Initially, it only affected China, but its effects are now felt around the globe, with many countries in lockdown. As confinement measures for the outbreak of COVID-19 were introduced around the world, out-of-home advertising was undoubtedly affected. Meanwhile, in-home media usage went up. TV viewership has climbed, and digital consumption has increased dramatically such as the use of social platforms and streaming services. Wherever consumer behaviour has shifted, advertising spending has adjusted in response. Advertisers have adapted by following their consumers, which

means prioritizing digital advertising in the past few months. The pandemic has caused advertisers of all sizes to rethink the type of campaigns they should run hence the advertising industry is adjusting to cope with the change of business environment.

The Group has been striving to develop other new media platforms to strengthen our competitive edge while improving our traditional transportation business to perfection. It goes without saying that the digital advertising is the future trend since the consumers are changing their spending habit from retail to online shopping. For instance, the Group's expansion into digital advertising is an uphill battle since we need to bring changes to our sales and operations techniques that our colleagues have to cope with. New sales pattern and client base have to be adapted to the new advertising regime as well. Given the change of business environment, the Group will employ a pragmatic approach to consider if reallocation of the use of proceeds is needed. By allocating resources to the new trend of our business, the Group shall grasp the opportunities to develop digital advertising with reference to the new business climate of the advertising industry. On the other hand, the Group will continue to lower the cost of sales from advertising materials, license fees to our suppliers, and the Group's human resources so as to maintain a reasonable investment return to our shareholders.

FINAL DIVIDEND

The Board does not recommend the payment of final dividend for the year ended 31 March 2020 (2019: Nil).

ANNUAL GENERAL MEETING

The annual general meeting ("AGM") of the Company will be held on Friday, 21 August 2020. For details of the AGM, please refer to the notice of AGM which is expected to be published in late June 2020.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 18 August 2020 to Friday, 21 August 2020, both days inclusive, during which period no transfer of shares of the Company shall be registered. In order to qualify for attending and voting at the AGM, all transfers accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 17 August 2020.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2020.

DIRECTORS' SECURITIES TRANSACTIONS

The Company adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding directors' securities transactions in securities of the Company. Based on specific enquiry made with the Directors, all Directors confirmed that they had fully complied with the required standard of dealings and there was no event of non-compliance during the year ended 31 March 2020.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted the principles and code provisions set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 15 to the GEM Listing Rules. Save for the deviation from the code provision A.2.1 of the CG Code, the Board viewed that the Company had complied with the CG Code during the year ended 31 March 2020.

Pursuant to the code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. Ms. CHAU Wai Chu Irene currently holds both positions. In view of her experience and familiarity with the business operations of our Group, the Board considers that the roles of the Chairlady and Chief Executive Officer being performed by Ms. CHAU Wai Chu Irene would be appropriate to maintain the efficiency in the overall strategic planning, management and business development of the Group. The Board with the corporate governance committee of the Board will continue to review the Group's corporate governance policies and compliance with the CG Code each financial year.

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) has discussed and reviewed with management the audited consolidated financial statements of the Group for the year ended 31 March 2020. The Audit Committee consists of all the three independent non-executive Directors being Ms. AU Shui Ming Anna, Mr. LIANG Man Kit Jerry and Mr. LAM Yau Fung Curt. Ms. AU Shui Ming Anna serves as the chairlady of the Audit Committee who has appropriate professional qualifications and experience as required by the GEM Listing Rules.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2020 as set out in this announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on this announcement.

On behalf of the Board of
OOH Holdings Limited
CHAU Wai Chu Irene
Chairlady and Chief Executive Officer

Hong Kong, 19 June 2020

As at the date of this announcement, the directors of the Company are:

Executive Directors

Ms. CHAU Wai Chu Irene (*Chairlady and Chief Executive Officer*)

Ms. CHEUNG Kit Yi

Mr. LEAN Chun Wai

Non-Executive Director

Mr. DA SILVA Antonio Marcus

Independent Non-Executive Directors

Ms. AU Shui Ming Anna

Mr. LIANG Man Kit Jerry

Mr. LAM Yau Fung Curt

This announcement will remain on the "Latest Company Announcements" page of the GEM website (www.hkgem.com) for at least 7 days from the date of its publication and on the website of the Company (www.ooh.com.hk).